



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
LAWRENCE COUNTY
SHERIFF'S SETTLEMENT - 1998 TAXES AND
SHERIFF'S SETTLEMENT - 1997 UNMINED COAL TAXES**

June 21, 1999

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.KYAUDITOR.NET**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable David Compton, County Judge/Executive
Honorable Bobby Workman, Lawrence County Sheriff
Members of the Lawrence County Fiscal Court

Independent Auditor's Report

We have audited the Lawrence County Sheriff's Settlement - 1998 Taxes as of June 21, 1999, and Sheriff's Settlement - 1997 Unmined Coal Taxes as of June 21, 1999. These tax settlements are the responsibility of the Lawrence County Sheriff. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Sheriff prepares his financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the Lawrence County Sheriff's taxes charged, credited, and paid as of June 21, 1999, in conformity with the basis of accounting described in the preceding paragraph.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable David Compton, County Judge/Executive
Honorable Bobby Workman, Lawrence County Sheriff
Members of the Lawrence County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated October 26, 1999, on our consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
October 26, 1999

LAWRENCE COUNTY
BOBBY WORKMAN, SHERIFF
SHERIFF'S SETTLEMENT - 1998 TAXES

June 21, 1999

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 326,048	\$ 302,985	\$ 957,765	\$ 346,426
Leasehold				241
Tangible Personal Property	37,317	26,223	87,615	61,369
Intangible Personal Property				17,651
Fire Protection	5,594			
Franchise Corporation	136,351	97,611	307,147	
Omitted Taxes	2,335	2,186	6,794	2,493
Oil and Gas Property	5,082	4,221	14,929	5,400
Penalties	5,031	4,631	14,423	5,369
Adjusted to Sheriff's Receipt	139	107	366	7
Gross Chargeable to Sheriff	<u>\$ 517,897</u>	<u>\$ 437,964</u>	<u>\$ 1,389,039</u>	<u>\$ 438,956</u>
<u>Credits</u>				
Discounts	\$ 3,861	\$ 3,380	\$ 10,542	\$ 4,642
Exonerations	16,061	14,580	46,969	17,023
Delinquents:				
Real Estate	22,309	20,618	64,909	23,478
Tangible Personal Property	522	367	1,227	1,295
Intangible Personal Property				893
Uncollected Franchise	12,801	10,869	34,545	
Total Credits	<u>\$ 55,554</u>	<u>\$ 49,814</u>	<u>\$ 158,192</u>	<u>\$ 47,331</u>
Net Tax Yield	\$ 462,343	\$ 388,150	\$ 1,230,847	\$ 391,625
Less: Commissions *	<u>19,937</u>	<u>16,496</u>	<u>49,234</u>	<u>16,932</u>
Net Taxes Due	\$ 442,406	\$ 371,654	\$ 1,181,613	\$ 374,693
Taxes Paid	440,318	369,764	1,175,903	373,729
Penalty				100
Credit for Bank Shares				221
Prior Year Overpayments	144	399	99	
Refunds (Current and Prior Year)	789	741	2,309	843
Due Districts		**		
as of Completion of Fieldwork ***	<u>\$ 1,155</u>	<u>\$ 750</u>	<u>\$ 3,302</u>	<u>\$ 0</u>

and ** See Page 4

*** All taxes were paid subsequent to our audit

LAWRENCE COUNTY
BOBBY WORKMAN, SHERIFF
SHERIFF'S SETTLEMENT - 1998 TAXES
June 21, 1999
(Continued)

* Commissions:

10% on	\$	10,000
4.25% on	\$	1,232,118
4% on	\$	1,230,847

** Special Taxing Districts:

Library District	\$	359
Health District		(73)
Extension District		232
Soil Conservation District		69
Fire and Rescue District		163

Due Districts or (Refund Due) Sheriff	\$	<u>750</u>
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The accompanying notes are an integral part of the financial statements.

LAWRENCE COUNTY
BOBBY WORKMAN, SHERIFF
SHERIFF'S SETTLEMENT - 1997 UNMINED COAL TAXES

June 21, 1999

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Sheriff's Official Receipt for Unmined Coal	\$ 1,463	\$ 1,159	\$ 4,209	\$ 1,562
Penalties	106	84	307	114
Gross Chargeable to Sheriff	<u>\$ 1,569</u>	<u>\$ 1,243</u>	<u>\$ 4,516</u>	<u>\$ 1,676</u>
<u>Credits</u>				
Discounts	<u>\$ 8</u>	<u>\$ 6</u>	<u>\$ 23</u>	<u>\$ 8</u>
Net Tax Yield	\$ 1,561	\$ 1,237	\$ 4,493	\$ 1,668
Less: Commissions *	<u>66</u>	<u>52</u>	<u>180</u>	<u>71</u>
Net Taxes Due	\$ 1,495	\$ 1,185	\$ 4,313	\$ 1,597
Taxes Paid	<u>1,495</u>	<u>1,185</u>	<u>4,313</u>	<u>1,597</u>
Due Districts as of Completion of Fieldwork	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

* Commissions:

4.25% on \$ 4,466

4% on \$ 4,493

The accompanying notes are an integral part of the financial statements.

LAWRENCE COUNTY
NOTES TO THE FINANCIAL STATEMENTS

June 21, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The Sheriff met the requirements stated above, and as of June 21, 1999, deposits were fully insured or collateralized at a 100% level with collateral held by the county official's agent in the county official's name.

LAWRENCE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
June 21, 1999
(Continued)

Note 3. Property Taxes

The real and personal property tax assessments were levied as of January 1, 1998. Property taxes were billed to finance governmental services for the year ended June 30, 1999. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September 29, 1998 through April 1, 1999.

Unmined Coal Taxes

The tangible property tax assessments were levied as of January 1, 1997. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was December 22, 1997 through April 13, 1999.

Note 4. Interest Income

The Lawrence County Sheriff earned \$2,389 as interest income on 1998 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder was used to operate the Sheriff's office.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable David Compton, County Judge/Executive
Honorable Bobby Workman, Lawrence County Sheriff
Members of the Lawrence County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Lawrence County Sheriff's Settlement - 1998 Taxes as of June 21, 1999, and Sheriff's Settlement - 1997 Unmined Coal Taxes as of June 21, 1999, and have issued our report thereon dated October 26, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lawrence County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable David Compton, County Judge/Executive
Honorable Bobby Workman, Lawrence County Sheriff
Members of the Lawrence County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
October 26, 1999

